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Bio-diesel a boon for bean farmers

Rising price of oil boosts demand for plant-based fuel

By Greg Wells, gwells@bgdailynews.com -- 270-783-3276

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The environmental movement and farmers are being helped out by high fuel prices, which are making bio-diesel and ethanol production more attractive.

The Southern States Cooperative in Bowling Green has just taken its first delivery from a Kentucky supplier for bio-diesel, which store Manager Mike Ross said his customers have been asking for. Ross said his customers are interested in the fuel because it is actually better for equipment that burns it and it is made from soybeans, a common crop for area farmers.

Then there is Commonwealth Agri-Energy, the farmer-owned ethanol plant that opened just over a year ago at Hopkinsville. It has already turned profitable in its first year of operation. That was far ahead of the owners' expectations, who have already started expanding capacity.

The ethanol plant is owned by the 650 members of the Kentucky Corn Growers' Association and the



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2,300 members of the Hopkinsville Elevator Cooperative.

Construction was financed in part with \$9.3 million from Kentucky's Phase I tobacco settlement fund.

Increases in the price of gasoline have made the corn-based additive attractive not only as a way to make the gasoline cleaner-burning, but as the price of gas continues to climb, it could actually help keep gasoline prices lower.

Andy Sprague, a Seebree farmer-entrepreneur who makes the soy-based diesel being sold at the local Southern States store, said he is not expecting that price relationship for his product just yet. He said there is too much volatility in the soy market compared to the lower, stable prices across the board for corn because of record harvests in the last two years.

"Theoretically we could undersell the petroleum-based diesel," Sprague said. "But the price of soy has been climbing like the cost of petroleum."

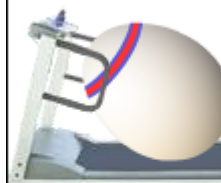
Ross said bio-diesel, unlike ethanol, is beneficial to motors because soy adds to the lubrication in the engine cylinder, while the ethanol-blended gasoline has been blamed in the past for engine wear.

Jim Carroll, chief of external programs and communications with the National Park Service at Mammoth Cave, said the park service has been running ethanol mixes as high as 75 and 85 percent and the vehicles are not showing any undue wear.

He added that the park has also converted to bio-diesel, and converted many of the buses operating in the park to LP gas. Though still a petroleum-based product, LP gas is cleaner burning than conventional gasoline.

Woodburn farmer Linda Dickerson has switched to

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soy-diesel.

“We’ve been using the soy-diesel on our farm for about a year,” Dickerson said. “In the past we had to pay a little more for it, but it was good for the machinery and good for the farmers.”

She added that several of the universities around the state use renewable agriculture-based fuels, in addition to a number of school districts that use it in their buses.

Bio-diesel was popular enough that Ross said he has trucked the 100 percent soy-diesel 130 miles to mix into his tanks.

“Right now the price is about the same as the regular diesel,” Ross said. “It should help farmers with longer engine life since it is slicker than petroleum-based diesel. In a diesel, the fuel helps lubricate the cylinder and it is what lubricates the injectors.”

He added that B-100 or pure bio-diesel could become feasible as the price of petroleum continues to set records, but right now there isn’t enough production capacity to manage that.

“But if all farmers used B-2 blend, it would be a new market for 51 million bushels of soybeans a year,” Ross said. “Kentucky farmers raise 41 million bushels a year.”

Sprague said his operation near the Ohio River in Western Kentucky is making five gallons a minute and could produce 1 million gallons this year if it just expands past the single shift running now. With some expansion, he said, he could make 4 million gallons a year.

He added that he has only been in production since the beginning of the year, and could show a profit in the first year.

Though he said there wasn’t any tobacco settlement money funding his operation, he is

getting some benefit from the excise tax credit that the U.S. Congress passed last summer and the U.S. Department of Agriculture program for alternative fuels is helping as well.

“Those subsidies go away, and then you have to compete in the open market,” Sprague said. “Commodity price fluctuations cause it to be a hazardous venture.”

As it is, Sprague said, prices for the raw soybean oil he buys to convert to soy-diesel can double in a short amount of time.

“Those soy prices changed 50 cents in a week recently,” Sprague said. “Diesel only went up 30 cents in that same time.”

The varied uses for soy oil, such as for cooking oil and as an energy source for livestock when mixed in feed, are still what is driving the market, Sprague said, not his product.

“We’ve had a four- to five-time increase in the production this year over last,” Sprague said. “It will definitely strengthen the soy industry. If it can strengthen and stabilize the market, that would be ideal.”

That could take time, he said.

He added that he doesn’t want people to overstate the environmental friendliness of the product, but it is basically a sulfur-free source of diesel fuel. The energy extraction process also has improved.

“We use an electrical catalyst process,” Sprague said. “Others have used a process with a strong acid followed by strong base, which you have to wash out of the fuel.”

The smell of the fuel also has improved.

“The french-fry smell people talk about is more prominent with the recycled cooking oil product,” Sprague said. “Our product has a sweeter smell

than conventional diesel, though.”

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